

Message Text

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C O N F I D E N T I A L MANAGUA 5138

E.O. 11652: GDS

TAGS: EFIS, PINR, NU

SUBJECT: NICARAGUAN PRACTICES RE ISSUANCE OF LICENSES FOR
COMMERCIAL FISHING IN TERRITORIAL WATERS

RER: QUITO 6394

1. BEGIN UNCLASSIFIED. NICARAGUA'S OCEAN FISHING INDUSTRY IS STILL IN ITS INFANCY. COMMERCIAL FISHING IS BASED PRIMARILY ON LOBSTER AND SHRIMP CATCHES, MOST OF WHICH ARE FROZEN AND EXPORTED TO THE US. TUNA WILL SOON, HOWEVER, BE ADDED TO NICARAGUA'S FISHING PRODUCTS.

2. THE "SPECIAL LAW FOR THE EXPLOITATION OF MARINE RESOURCES AND THE REFORMS," OF 1961, AND THE "GENERAL LAW ON EXPLOITATION OF NATURAL RESOURCES", OF 1958, GOVERN COMMERCIAL FISHING IN NICARAGUAN WATERS.

3. COMMERCIAL FISHING BY US FIRMS APPEARS TO BE COVERED BY THE 1956 TREATY OF FRIENDSHIP, COMMERCE AND NAVIGATION BETWEEN NICARAGUA AND THE US. ARTICLE XI OF THAT TREATY PROVIDES, INTER ALIA, THAT "...NATIONALS AND COMPANIES OF EITHER PARTY ENGAGED IN TRADE OR OTHER GAINFUL PURSUIT...SHALL NOT BE SUBJECT TO THE
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PAYMENT OF TAXES, FEES OR CHARGES...MORE BURDENSOME THAN THOSE BORNE BY NATIONALS AND ECOMPANIES OF SUCH OTHER PARTY." TO THE BEST OF EMBASSY'S KNOWLEDGEE, US COMMERCIAL FISHING FIRMS ENJOY EQUAL STATUS WITH NICARAGUAN COMPANIED. US-NICARAGUAN JOINT VENTURES DOMINATE THE LOCAL SEAFOOD EXPORT BUSINESS, AND NO OTHER FOREIGN FLAG FISHING FIRMS ARE BELIEVED TO HAVE OBTAINED FISHING LICENSES AND CONCESSIONS.

4. ACCORDING TO THE SPECIAL LAW, GON DOES NOT CHARGE FOR COMMERCIAL FISHING LICENSES. HOWEVER, HOLDERS OF SUCH LICENSES MUST PAY AN ANNUAL EXPLOITATION TAX BASED ON THE SIZE OF SISHING BOAT USED. RATES ARE \$10 FOR BOATS UP TO 16 FEET IN LENGTH. LONGER BOATS PAY AN ADDITIONAL \$1 FOR EACH FOOT GRATER THAN 16. IN ADDITION, COMMERCIAL FISHERS MUST PAY A TAX ON THEIR NET PROFITS, RANGING FROM A 3 PERCENT TAX ON PROFITS NOT EXCEEDING 15 PERCENT OF SALES, TO A 0.4 PERCENT TAX ON EACH PERCENTAGE OF PROFIT ABOVE 30 PERCENT OF SALES. HOWEVER, SINCE ALL COMMERCIAL FISHING FIRMS APPLY FOR AND RECEIVE CONCESSIONS UNDER THE INSUSTRIAL DEVELOPMENT LAW, NO SUCH FIRM PRESENTLY PAS THIS PROFIT TAX.

5. COMMERCIAL FISHING LICENSES ARE VALID FOR AN INITIAL PERIOD NOT TO EXCEED 20 YEARS AND CANBE RENEWED FOR 10 ADDITIONAL YEARS.

6. COMMERCIAL FISHING IS UNDER THE JURISDICTION OF THE MINISTRY OF ECONOMY WHOSE DIRECTORATE GENERAL OF NATURAL RESEOURCES ISSUES LICENSES TO THOSE WHO ALREADY HAVE, OR WHO PROMISE TO SET UP ON NICARAGUAN SOLID LAND WITHIN A RESONABLE PERIOD, ONE OR MORE PLANTS HAVING SUFFICIENT CAPACITY TO PRESERVE, PROCESS OR PACK THE CATCH IN THE FORM OF INTERNATIONALLY MARKETABLE PRODUCTS. THE MINISTRY MAY ALSO AUTHORIZE TEMPORARY USE OF FLOATING PRO CESSING PLANTS. IN ADDITION TO FISHING LICENSES, A FISHING PERMIT MUST BE REQUESTED ANNUALLY FROM THE DIRECTORATE GENERAL FOR EACH VESSEL. END UNCLASSIFIED.

7. BEGIN CONFIDENTIAL. EMBASSY UNDERSTANDS FROM RELIABLE SOURCE THAT PRESIDENT SOMOZA HIMSELF HAS FINAL WORD ON WHO GETS FISHING LICENSES AND CONCESSIONS UNDER DEVELOPMENT LAW. END CONFIDENTIAL.

8. BEGIN UNCLASSIFIED. THE SPECIAL LAW DOES NOT LIMIT THE SIZE OF COMMERCIAL FISHING VESSSELS. HOWEVER, THE MINISSTRY OF ECONOMY HAS THE RIGHT TO LIMITED THE NUMBER OF LICENSES WHICH IT ISSUES
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AND THE NUMBER AND SIZE OF VESSELS PERMITTED TO EXPLOIT A GIVEN FISHING GROUND.

9. THE SPECIAL LAW PROHIBITS THE USE OF POISONS AND EXPLOSIVES FOR FISHING PURPOSES.

10. THE SPECIAL LAW DOES NOT RESERVE ANY OFFSHORE AREA FOR EXCLUSIVE USE BY DMESTIC FISHING VESSELS.

11. THE SPECIAL AND GENERAL LAWS PROVIDE THAT VIOLATORS OF THOSE LAWS CAN BE SUBJECTED FO FINES OF UP TO 10,000 CORDOBAS (US\$1 EQUALS C7.00), AND THE FINES CAN BE DOUBLED FOR SUBSEQUENT VIOLATIONS

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VIOLATORS ALSO FACE POSSIBLE REVOCATION OF FISHING LICENSES.

12. IN OCTOBER 1976, NICARAGUAN CUSTOMS ARRESTED THE CAPTAINS AND CREWS OF TWO COSTA RICAN BOAST FOR "ILLEGALLY" FISHING IN NICARAGUAN TERRITORIAL WATERS. CUSTOMS REPORTEDLY CONFICATED THEIR FISHING GEAR AS WELL. THIS INCIDENT WAS PRESUMBABLY IN RETALIATION FOR THE EARLIER DETENTION BY COSTA RICAN AUTHORITIES OF NICARAGUAN FISHERMEN AND BOATS ON SIMILAR CHARGES. THE EMBASSY UNDERSTANDS GON AND GOCR ARE PRESENTLY NEGOTIATING A RECIPROCAL FISHING RIGHTS TRATY. END UNCLASSIFIED.
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